

PATENT COOPERATION TREATY

From the INTERNATIONAL SEARCHING AUTHORITY

To:
SAMIR A. BHAVSAR
BAKER BOTTS LLP
2001 ROSS AVENUE
DALLAS, TX 75201

DOCKETED

PCT

NOTIFICATION OF TRANSMITTAL OF
THE INTERNATIONAL SEARCH REPORT AND
THE WRITTEN OPINION OF THE INTERNATIONAL
SEARCHING AUTHORITY. OR THE DECLARATION

(PCT Rule 44.1)

Applicant's or agent's file reference 075234.0205	Date of mailing (day/month/year) 26 APR 2007
International application No. PCT/US05/47027	International filing date (day/month/year) 22 December 2005 (22.12.2005)
Applicant CFPH, LLC	

1. ☒ The applicant is hereby notified that the international search report and the written opinion of the International Searching Authority have been established and are transmitted herewith.

Filing of amendments and statement under Article 19:

The applicant is entitled, if he so wishes, to amend the claims of the international application (see Rule 46):

When? The time limit for filing such amendments is normally two months from the date of transmittal of the international search report.

Where? Directly to the International Bureau of WIPO, 34 chemin des Colombettes
1211 Geneva 20, Switzerland, Facsimile No.: (41-22) 338.82.70.

For more detailed instructions, see the notes on the accompanying sheet.

2. ☐ The applicant is hereby notified that no international search report will be established and that the declaration under Article 17(2)(a) to that effect and the written opinion of the International Searching Authority are transmitted herewith.
3. ☐ With regard to the protest against payment of (an) additional fee(s) under Rule 40.2, the applicant is notified that:
- ☐ the protest together with the decision thereon has been transmitted to the International Bureau together with the applicant's request to forward the texts of both the protest and the decision thereon to the designated Offices.
- ☐ no decision has been made yet on the protest: the applicant will be notified as soon as a decision is made.

4. Reminders

Shortly after the expiration of 18 months from the priority date, the international application will be published by the International Bureau. If the applicant wishes to avoid or postpone publication, a notice of withdrawal of the international application, or of the priority claim, must reach the International Bureau as provided in Rules 90bis.1 and 90bis.3, respectively, before the completion of the technical preparations for international publication.

The applicant may submit comments on an informal basis on the written opinion of the International Searching Authority to the International Bureau. The International Bureau will send a copy of such comments to all designated Offices unless an international preliminary examination report has been or is to be established. These comments would also be made available to the public but not before the expiration of 30 months from the priority date.

Within 19 months from the priority date, but only in respect of some designated Offices, a demand for international preliminary examination must be filed if the applicant wishes to postpone the entry into the national phase until 30 months from the priority date (in some Offices even later); otherwise, the applicant must, within 20 months from the priority date, perform the prescribed acts for entry into the national phase before those designated Offices.

In respect of other designated Offices, the time limit of 30 months (or later) will apply even if no demand is filed within 19 months.

See the Annex to Form PCT/IB/301 and, for details about the applicable time limits, Office by Office, see the *PCT Applicant's Guide*, Volume II, National Chapters and the WIPO Internet site.

Name and mailing address of the ISA/ US Mail Stop PCT, Attn: ISA/US Commissioner for Patents P.O. Box 1450 Alexandria, Virginia 22313-1450 Facsimile No. (571) 273-3201	Authorized officer Robert Pezzullo <i>Sharon D. Greene for</i> Telephone No.: (571) 272-3750
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Form PCT/ISA/220 (January 2004)

(See notes on accompanying sheet)

PATENT COOPERATION TREATY

PCT

INTERNATIONAL SEARCH REPORT

(PCT Article 18 and Rules 43 and 44)

Applicant's or agent's file reference 075234.0205	FOR FURTHER ACTION see Form PCT/ISA/220 as well as, where applicable, item 5 below.	
International application No. PCT/US05/47027	International filing date (<i>day/month/year</i>) 22 December 2005 (22.12.2005)	(Earliest) Priority Date (<i>day/month/year</i>) 22 December 2004 (22.12.2004)
Applicant CFPH, LLC		

This international search report has been prepared by this International Searching Authority and is transmitted to the applicant according to Article 18. A copy is being transmitted to the International Bureau.

This international search report consists of a total of 2 sheets.



It is also accompanied by a copy of each prior art document cited in this report.

1. Basis of the Report

a. With regard to the **language**, the international search was carried out on the basis of:



the international application in the language in which it was filed.



a translation of the international application into _____, which is the language of a translation furnished for the purposes of international search (Rules 12.3(a) and 23.1(b))

b. ☐ With regard to any **nucleotide and/or amino acid sequence** disclosed in the international application, see Box No. I.

2. ☐ **Certain claims were found unsearchable** (See Box No. II)

3. ☐ **Unity of invention is lacking** (See Box No. III)

4. With regard to the **title**,



the text is approved as submitted by the applicant.



the text has been established by this Authority to read as follows:

5. With regard to the **abstract**,



the text is approved as submitted by the applicant.



the text has been established, according to Rule 38.2(b), by this Authority as it appears in Box No. IV. The applicant may, within one month from the date of mailing of this international search report, submit comments to this Authority.

6. With regard to the **drawings**,

a. the figure of the **drawings** to be published with the abstract is Figure No. 1



as suggested by the applicant.



as selected by this Authority, because the applicant failed to suggest a figure.



as selected by this Authority, because this figure better characterizes the invention.

b. ☐ none of the figures is to be published with the abstract.

INTERNATIONAL SEARCH REPORT

International application No.

PCT/US05/47027

A. CLASSIFICATION OF SUBJECT MATTER

IPC: A63F 13/00(2006.01)
A63F 13/00(2006.01)

USPC: 463/16,25

According to International Patent Classification (IPC) or to both national classification and IPC

B. FIELDS SEARCHED

Minimum documentation searched (classification system followed by classification symbols)
U.S. : 463/16.25

Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched

Electronic data base consulted during the international search (name of data base and, where practicable, search terms used)
US-PAT, US-PGPUB, EPO, JPO - lay, back, field, favorite, wager, bet, gamble

C. DOCUMENTS CONSIDERED TO BE RELEVANT

Category *	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
X --- Y	WO 01/65508 A2 (SATTERFIELD et al) 07 September 2001 (07.09.2001), pages 1-2, 27, 30, 34, 36 & Abstract	1-4, 8-9, 16-18 ----- 12-15, 19-30
Y	US 5.687,968 A (Tarantino) 18 November 1997 (18.11.1997), column 1	12-15, 19-30

☐ Further documents are listed in the continuation of Box C.

☐ See patent family annex.

Special categories of cited documents:	
"A" document defining the general state of the art which is not considered to be of particular relevance	"T" later document published after the international filing date or priority date and not in conflict with the application but cited to understand the principle or theory underlying the invention
"E" earlier application or patent published on or after the international filing date	"X" document of particular relevance; the claimed invention cannot be considered novel or cannot be considered to involve an inventive step when the document is taken alone
"L" document which may throw doubts on priority claim(s) or which is cited to establish the publication date of another citation or other special reason (as specified)	"Y" document of particular relevance; the claimed invention cannot be considered to involve an inventive step when the document is combined with one or more other such documents, such combination being obvious to a person skilled in the art
"O" document referring to an oral disclosure, use, exhibition or other means	"&" document member of the same patent family
"P" document published prior to the international filing date but later than the priority date claimed	

Date of the actual completion of the international search
10 March 2007 (10.03.2007)

Date of mailing of the international search report

26 APR 2007

Name and mailing address of the ISA/US
Mail Stop PCT, Attn: ISA/US
Commissioner for Patents
P.O. Box 1450
Alexandria, Virginia 22313-1450
Facsimile No. (571) 273-3201

Authorized officer

Robert Pezzuto

Telephone No. (571) 272-3750

Sharon D. Greene for

PATENT COOPERATION TREATY

From the
INTERNATIONAL SEARCHING AUTHORITY

To:
SAMIR A. BHAVSAR
BAKER BOTTS LLP
2001 ROSS AVENUE
DALLAS, TX 75201

PCT

WRITTEN OPINION OF THE
INTERNATIONAL SEARCHING AUTHORITY

(PCT Rule 43bis.1)

Date of mailing (day/month/year) 26 APR 2007	
Applicant's or agent's file reference 075234.0205	
FOR FURTHER ACTION See paragraph 2 below	
International application No. PCT/US05/47027	International filing date (day/month/year) 22 December 2005 (22.12.2005)
Priority date (day/month/year) 22 December 2004 (22.12.2004)	
International Patent Classification (IPC) or both national classification and IPC IPC: A63F 13/00(2006.01) USPC: 463/16.25	
Applicant CEPH. LLC	

1. This opinion contains indications relating to the following items:

- ☒ Box No. I Basis of the opinion
- ☐ Box No. II Priority
- ☐ Box No. III Non-establishment of opinion with regard to novelty, inventive step and industrial applicability
- ☐ Box No. IV Lack of unity of invention
- ☒ Box No. V Reasoned statement under Rule 43bis.1(a)(i) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement
- ☐ Box No. VI Certain documents cited
- ☐ Box No. VII Certain defects in the international application
- ☐ Box No. VIII Certain observations on the international application

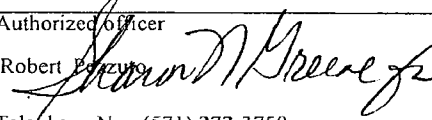
2. FURTHER ACTION

If a demand for international preliminary examination is made, this opinion will be considered to be a written opinion of the International Preliminary Examining Authority ("IPEA") except that this does not apply where the applicant chooses an Authority other than this one to be the IPEA and the chosen IPEA has notified the International Bureau under Rule 66.1bis(b) that written opinions of this International Searching Authority will not be so considered.

If this opinion is, as provided above, considered to be a written opinion of the IPEA, the applicant is invited to submit to the IPEA a written reply together, where appropriate, with amendments, before the expiration of 3 months from the date of mailing of Form PCT/ISA/220 or before the expiration of 22 months from the priority date, whichever expires later.

For further options, see Form PCT/ISA/220.

3. For further details, see notes to Form PCT/ISA/220.

Name and mailing address of the ISA/ US Mail Stop PCT, Attn: ISA/US Commissioner for Patents P.O. Box 1450 Alexandria, Virginia 22313-1450 Facsimile No. (571) 273-3201	Date of completion of this opinion 15 March 2007 (15.03.2007)	Authorized officer  Robert P. Green Telephone No. (571) 272-3750
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Form PCT/ISA/237 (cover sheet) (April 2005)

WRITTEN OPINION OF THE
INTERNATIONAL SEARCHING AUTHORITY

International application No.

PCT/US05/47027

Box No. I Basis of this opinion

1. With regard to the **language**, this opinion has been established on the basis of:

- ☒ the international application in the language in which it was filed
- ☐ a translation of the international application into _____, which is the language of a translation furnished for the purposes of international search (Rules 12.3(a) and 23.1(b)).

2. With regard to any **nucleotide and/or amino acid sequence** disclosed in the international application and necessary to the claimed invention, this opinion has been established on the basis of:

a. type of material

- ☐ a sequence listing
- ☐ table(s) related to the sequence listing

b. format of material

- ☐ on paper
- ☐ in electronic form

c. time of filing/furnishing

- ☐ contained in the international application as filed.
- ☐ filed together with the international application in electronic form.
- ☐ furnished subsequently to this Authority for the purposes of search.

3. ☐ In addition, in the case that more than one version or copy of a sequence listing and/or table(s) relating thereto has been filed or furnished, the required statements that the information in the subsequent or additional copies is identical to that in the application as filed or does not go beyond the application as filed, as appropriate, were furnished.

4. Additional comments:

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Box No. V Reasoned statement under Rule 43 bis.1(a)(i) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement

1. Statement

Novelty (N)	Claims <u>5-7, 10-15, 19-30</u>	YES
	Claims <u>1-4, 8-9, 16-18</u>	NO
Inventive step (IS)	Claims <u>NONE</u>	YES
	Claims <u>1-30</u>	NO
Industrial applicability (IA)	Claims <u>1-30</u>	YES
	Claims <u>NONE</u>	NO

2. Citations and explanations:

Please See Continuation Sheet

WRITTEN OPINION OF THE
INTERNATIONAL SEARCHING AUTHORITY

International application No.
PCT/US05/47027

Supplemental Box

In case the space in any of the preceding boxes is not sufficient.

V. 2. Citations and Explanations:

Claim 1-4, 8-9, and 16-18 lack novelty under PCT Article 33(2) as being anticipated by Satterfield et al (WO 01/65508 A2).

Claim 1: Satterfield et al teaches a method of managing bets that allows a user to enter wager criteria directed to a particular track, horse, jockey, trainer, racetrack surface, race distance, statistics, silks, odds and/or change in odds into an automated system and upon the satisfaction of the criteria entered by the user, automatically place a wager on respective participants at some time after receiving the wager criteria (See pages 2-3, 30, & 34-36). The method of Satterfield et al provides for the placement of wager criteria prior to the identification of participants in an event and therefore teaches allowing the user to wager on an "undefined subset" of the participants competing in a race.

Satterfield et al additionally teaches monitoring the outcome of the race event and accounting for the respective wager outcome (See pages 27:18-28, 35:14-26).

Claims 2-4, and 8: The disclosure of Satterfield teaches the use of Boolean operators (i.e. AND, OR, NOT) to include or exclude any number of participants from a given wager (See pages 34:20-35:13) and participants according to their odds (See page 2:15-25).

Claim 9: The disclosure of Satterfield teaches the receipt of information indicating that planned participants in a race will not participate in said race and therefore is unavailable to wager upon ("Scratch" See page 13:3:12).

Claims 16-18: The disclosure of Satterfield teaches the automated placement of win type bets and the delivery of resultant payout amounts, while the determination of the bet payout amount in the odds based system of Satterfield is inherently based on the amount of wager, and the payout odds for the winning wager.

Claim 12-15, and 19-30 lack an inventive step under PCT Article 33(3) as being obvious over Satterfield et al (WO 01/65508 A2) in view of Tarantino (US 5,687,968).

Claims 12-13, 19-21, and 29: Satterfield teaches the invention as set forth above however is silent regarding the utilization of odds determined at the time the bet was placed or at a time after the bet was placed to calculate the payout amount however as one of ordinary skill in the art would have required a defined period for determining the odds later utilized to calculate winning payout amounts on a race in the invention of Satterfield it would have been obvious at the time of invention for one of ordinary skill in the art to employ known manners and time periods for determining the odds including setting the odds at the time of the wager placement and setting the odds after the close of wagering as taught by Tarantino (Tarantino Col 1:18-51).

Claims 14-15, and 24-25: Satterfield teaches the invention as set forth above however is silent regarding the incorporation of a pari-

**WRITTEN OPINION OF THE
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International application No.
PCT/US05/47027

Supplemental Box

In case the space in any of the preceding boxes is not sufficient.

mutuel wagering system including a commission rate, however in a related invention additionally directed to horse wagering. Tarantino teaches that the incorporation of a pari-mutuel wagering system including a commission rate is commonly known in horse wagering systems (*Tarantino* Col 1:8-16). It would have been obvious to one of ordinary skill in the art at the time of invention to have incorporated the pari-mutuel wagering system including a commission rate to ensure that the wagering facility is able to extend and accept wagers without having an interest in the outcome of a race and while still ensuring a fixed profit margin.

Claims 26-27: As set forth above in at least the redress of claims 2 and 16, Satterfield et al teaches allowing a user to place multiple win type bets on race participants and the determining of a payout amount of winning wagers based on a wager amount and determine odds.

Claim 28: This claim as presented, sets forth that the determination odds for a particular outcome of an event is defined in part by the odds for any remaining possible outcomes for an event. This feature as presented is understood to be an implicit feature of a pari-mutuel system wherein wagers and odds must be balanced prior to the race in order to ensure that the wagering facility does not have monetary interest in a particular race outcome.

Claim 30: The combination of Satterfield et al/Tarantino teaches the modification of the odds at least once during the wagering period (*Tarantino* Col 1:20-30).

Claims 40-41: The disclosure of Satterfield teaches the automated placement of win type bets and the delivery of resultant payout amounts, the determination of the bet payout amount in the odds based system of Satterfield is inherently based on the amount of wager, and the payout odds for the winning wager.

Claim 22-23,: Satterfield et al/Tarantino teaches the method and apparatus as taught above however is arguably silent regarding the specific method of wagering against a horse to win or alternately stated as wagering for a horse to lose a race however it was exceptionally old and well known in the art at the time of invention and common convention to wager for a horse to lose a race and that such wagers have been commonly referred to as "Laying a horse to lose", "Laying the favorite", "Backing the field". It would have been obvious for one of ordinary skill in the art at the time of invention to have utilized the invention of Satterfield et al/Tarantino to place wagers for at least one horse to lose a race in order to employ conventional wagering types while wagering on horse races and/or provide a greater variety of wager types to wagering patrons beyond conventional win types wagers.

Claim 5-7 and 10-11 meets the criteria set out in PCT Article 33(2)-(3), because the prior art does not teach or fairly suggest defining the terms of a wager after the wager has been extended and excepted .

Claims 1-30 meet the criteria set out in PCT Article 33(4), and thus have industrial applicability because the subject matter claimed can be made or used in industry.